



# HEALTH CARE ISSUES

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San Jose Medical Center Site

# GAP IN HEALTH SERVICES CAUSED BY CLOSURE

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- General-Acute Care Beds
  - A Trauma Center
  - An Emergency Room
  - Non-emergency Outpatient Services Provided at SJMC
  - Private Physician Offices that Relocated (or will) to Locations Near Other Hospitals
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# HCA PLAN FOR CLOSURE

- Consolidate Services at Regional Medical Center – 2.5 Miles from SJMC
  - Expand Services at Regional, Including Trauma Center
  - Better and More Efficiently Provided Services Available to Downtown Population
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- From economic and health-planning perspectives, this is a logical plan
  - But still a worsening in access for downtown residents without access to private transportation
  - Loss of SJMC emergency room is of particular concern to downtown residents

# HEALTH NEEDS PRIORITIZED FROM LOWEST TO HIGHEST

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## Trauma Center

- Trauma Center – Level II, moved to Regional
  - Level I at Santa Clara Valley Medical Center – 7.3 miles for SJMC
  - Thus, there are two trauma centers within a 7.3 mile radius
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# HEALTH NEEDS PRIORITIZED FROM LOWEST TO HIGHEST

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Loss of general-acute beds is greater loss than trauma center, but of less urgency than other services

- During its last few years, SJMC had average occupancy of about 33%
  - Only one-third of its patients resided downtown
  - And SJMC had the third ranking market share among hospitals serving the downtown area
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# HEALTH NEEDS PRIORITIZED FROM LOWEST TO HIGHEST

Loss of general-acute beds is greater loss than trauma center, but of less urgency than other services

- Downtown population likely to face a bed shortage soon, but planned increases at Regional and available beds at O'Connor and Valley could accommodate needs in short term
- Assuming these beds are available to all patients, regardless of payer source
- Most frequently used health services are emergency visits and other outpatient services (in hospital O/P departments, clinics or physicians' offices)
- But SJMC emergency room and O/P clinic no longer exist and many physicians have moved away

# HEALTH NEEDS PRIORITIZED FROM LOWEST TO HIGHEST

Loss of general-acute beds is greater loss than trauma center, but of less urgency than other services

- Major complicating factor: Regional's cancellation of its three Medi-Cal contracts
- This means Regional's beds do not replace all those lost from SJMC's closure
- Rather than improve health system, as HCA Plan had the potential to accomplish, the local delivery system was harmed
- If this shortcoming cannot be remedied, the consolidation of services and capacity at Regional cannot be considered an adequate substitute for a downtown hospital

# HEALTH NEEDS PRIORITIZED FROM LOWEST TO HIGHEST

The loss of emergency services at SJMC represents a greater loss than the loss of inpatient capacity

- All emergency rooms in area (Regional, O'Connor and Valley) are available for emergencies regardless of payer source
- But, downtown residents now have to travel further
- And there is more potential for overcrowding at existing emergency rooms than prior to SJMC's closure
- An emergency service has to be part of a hospital
- The next best thing is an urgent care center
- To minimize distortions and adverse effects on individual hospitals, the urgent care center must not discriminate in treatment or referrals to hospitals or physicians on the basis of payer source



# HEALTH NEEDS PRIORITIZED FROM LOWEST TO HIGHEST

Non-urgent care outpatient capacity is also an important gap to fill

- At a minimum, need primary clinic that accepts patients regardless of payer source
- Should include lab and x-ray
- Its referrals should not be determined by payer source
- Ideally, the primary care and urgent care clinics would be integrated
- While including specialty care would be beneficial, establishing a multi-specialty group is a major undertaking

# ACTIONS FOR CONSIDERATION

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## Primary Care and Urgent Care Clinic

- Establish primary care and urgent care clinic that does not discriminate on basis of payer source in treatment or referrals
  - May require initial, one-time capital subsidy
  - The greater the value of the site, the greater the opportunity for a sufficient subsidy
  - Could be constructed on Hospital site, or across the street in the Chavez medical office building (25 N 14<sup>th</sup> Street)
  - But this building is in need of major remodeling and upgrading
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# ACTIONS FOR CONSIDERATION

HOSPITAL – RANGE OF OPTIONS, FOR DISCUSSION ONLY, AT THIS TIME. THE FIRST TWO ARE NOT MUTUALLY EXCLUSIVE

- NO HOSPITAL – Facilitate development of clinics, on or off site, with remainder of site reserved for high-value non-health-care development to maximize available subsidy for clinics
- NO HOSPITAL – The City of San Jose to exert maximum leverage to encourage Regional to re-contract for Medi-Cal (fee-for-service and managed care)
  - Pressure can be exerted through City Council resolutions, zoning, and insurance plans covering City employees
  - Complicated issue – don't want to place regional at a negotiating disadvantage with Medi-Cal

# ACTIONS FOR CONSIDERATION

HOSPITAL – RANGE OF OPTIONS, FOR  
DISCUSSION ONLY, AT THIS TIME. NO  
SPECIFIC TIME HORIZON IS SPECIFIED

HOSPITAL – Designate about five acres on current site, or other downtown location, for a small hospital

- Could be costly option without a potential operator stepping up soon
- Only feasible configuration appears to be a small satellite of a major medical center not located in San Jose (e.g., Stanford)
- Basic, primary care hospital and feeder to tertiary-care medical center
- Very risky proposition – could be left with nothing. Potential operator could back out after prompting Regional to abandon its upgrading plans (forcing its closure), and opportunity to establish clinics may be lost